

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6070

BILL NUMBER: HB 1022

NOTE PREPARED: Jan 22, 2004

BILL AMENDED:

SUBJECT: Minimum wage.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases Indiana's minimum hourly wage to \$5.65 on September 1, 2004, and to \$6.15 on March 1, 2005.

Effective Date: July 1, 2004.

Explanation of State Expenditures: The state has seven employees who are paid less than \$5.65 per hour. The cost to increase the minimum wage from the current rate of \$5.15 to \$5.65 per hour on September 1, 2004, and \$6.15 per hour on March 1 2005, would be approximately \$4,440 for FY 2005 and \$10,080 for FY 2006. As of October 7, 2003, the seven positions being paid less than \$6.15 per hour were temporary positions. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The local impact of increasing the minimum wage is unknown, but probably minor. The percentage increase from the current rate of \$5.15 would be 9.7% on September 1, 2004, and 19.4% on March 1, 2005. The increase in the minimum salary would also affect the local's cost of wage-related benefits such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

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